

**Minutes of Meeting
Board of Trustees
Non-Uniformed and Police & Fire Employees' Retirement Fund
September 16, 2010**

A meeting of the Board of Trustees was called to order at 8:17 p.m. in EOC room Basement Level, City Hall, 6801 Delmar.

Member in Attendance: Diane Sher, Anne Silverstein, Jaime Mendez, James Carr, Mark Winer Fred Kramer, Tom Deken, Don Humphrey, Erich Haring

Members Absent: None

Others in attendance: Janet Watson, Deputy City Mgr/Finance Dir (Treasurer)
Councilmember Michael Glickert, Council Liaison
Steve Siepman, Buck Consultants
Tom Mug, Gallop, Johnson & Neuman

Minutes

On the June 22 minutes, there were two clarifications. Member Winer moved to approve the Board Minutes of June 22, 2010 as amended. The motion was seconded by Member Sher and carried.

On the July 27 minutes, there was a correction on attendance as only Member Winer was absent. Member Silverstein moved to approve the Board Minutes of July 27, 2010 as amended. The motion was seconded by Member Mendez and carried.

Plan Changes

Ms. Watson introduced Attorney Tom Mug who was charged with reviewing the qualification of the retirement plans under IRS code. Mr. Mug stated he had performed significant compliance work and outlined his 32 years of experience in retirement plans, including working with a variety of governmental entities.

Mr. Mug described his process of verifying a checklist against the City plans resulting in a list of deficiencies. He discussed how governmental plans have received more attention lately from the IRS and that governmental plans are subject to penalties. He stated that bringing the plans into compliance and maintaining that compliance protects the employees and that there will be a number of changes needed to bring the plan up to date. If plans are in compliance, the IRS later gives more latitude if a problem is found.

Mr. Mug also discussed the reason why an entity would request a determination letter which takes approximately six to twelve months to receive. It assures that going forward the plans are in compliance and that corrections are retroactive. The plans are protected from disqualification on those issues. He summarized by stating that it is the next logical step after updating. The determination letter must be filed by January 31, 2011. He also stated that updating the plan involves updating the ordinances and that there was no plan cost and likely no substantive changes needed, although the result will be completely reformatted. After Board approval, passing the ordinances would be accomplished in two meetings with the City Council. Mr. Mug stated that one of the benefits would be that

the two plans would be reorganized in the same format which would make them easier to read and compare.

Member Sher asked if this was the opportunity for member suggested changes and Mr. Mug stated these could also be incorporated.

Member Carr asked if Mr. Mug will prepare the changes and Mr. Mug stated the changes will be available for the October 26 Board meeting, with his focus being on the required changes.

Member Sher asked if the operational review mentioned would be a separate engagement. Mr. Mug stated that this would be accomplished by interviewing staff and the actuary about operational issues and this can be accomplished while the ordinance is moving toward approval and there would be no additional cost for this review.

Member Mendez asked about item #3 in Mr. Mug's summary. Mr. Mug stated that the 401(a) plan must be held in Trust and he believed this could be more clearly stated in the Trust and tied to the plan itself to the "exclusive benefit of participants" and to cross reference the two ordinances.

Member Sher asked that the previous copies of the ordinance be submitted to the Board as well for comparison. She then encouraged any Board members to send suggested plan changes to Ms. Watson. Member Winer stated that he will not be able to attend, but might be able to call in.

Survey on Consultants, Internal Plan Administration & Auditing

Ms. Watson distributed a survey she had performed contacting several cities who had defined benefit plans. This survey described how each city handled investment management, whether they had a separate audit performed, or if they used a third party administrator or other consultant. The survey showed that plans handled investment management decisions differently, few had a separate audit performed, all used a third party administrator and few sought the advice of a consultant. Ms. Watson stated that the pension board of the City of Creve Coeur had used a consultant to help them determine the best investing methods and policies for their plans and the board was pleased with the final report. Ms. Watson distributed the summary of this review. This consultant was separate from their investment manager.

Member Carr distributed a sample Request for Proposals (RFP) for Board review and stated this was an effort in helping the Board move forward.

Member Sher stated she did not want to dictate in the RFP which approach bidders would suggest, as there may be a variety of approaches. She stated she does see some firms with expertise under fiduciary standards performing in a consultative capacity. They work with the plan design and investment alternatives. She likes this independence and objectivity.

Member Winer stated that the Board had reviewed substantive information for the evening and due to the late hour, the Board should move toward adjournment. Member

Mendez stated he believed this item was important and should remain on the agenda for further discussion.

Next Meeting Date

The next meeting date will be October 26, 2010 and Mr. Mug will present his recommended changes to the plans at the joint meeting.

Adjournment

Member Carr moved to adjourn the meeting. The motion was seconded by Member Winer and carried. There being no further business, the meeting adjourned at 9:07 p.m.